



EXPLORATION HEAD OFFICE:
90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270

JUN 1965

Re: Bowater/Amselco Exploration
Agreement with Option to Lease
Tract CT-1282, Parcel 1

I have enclosed three copies of the new Exploration Agreement with Option to Lease between Bowater and Amselco for the above referenced property situated in McCormick County, South Carolina. I have included your suggested changes to Article 5d, with minor modifications, and your changes to Article 9. I have also included three copies of a First Amendment to Exploration Agreement with Option to Lease amending Articles 5d and 9 to the Exploration Agreement with Option to Lease between our companies with an effective date of April 19, 1985.

Should these be satisfactory to you and the Minerals Committee, please have them executed by the appropriate parties, and return them to me for execution by Amselco. I will then send you two sets of fully executed agreements, along with a check for the first payment due under the exploration agreement. Please telephone me should you have questions.

AMSELCO EXPLORATION INC.

H. M. Lane
Assistant General Counsel

cc: D. J. Duskin
W. L. Gunter
P. W. Prescott w/enclosure





**AMSELCO
EXPLORATION INC.**

90 West Grove Street, Suite 100
Reno, Nevada 89509
Telephone: (702) 827-2270
Telex: 354424
Facsimile: (702) 827-3463

February 28, 1985

Harvey M. Templeton III, Attorney
Bowater
Calhoun, Tennessee 37309

Re: Mineral Lease between Bowater
and Amselco

Dear Mr. Templeton:

I have enclosed three (3) copies of the most recent draft of the agreement between Bowater and Amselco for your review. Two of the copies are suitable for execution, and the third delineates the changes from the last draft by underscoring. As you will note, the property descriptions are attached.

I am expediting copies of the agreement to Mr. Simpson in Catawba, South Carolina and to Mr. Brown in Greenville, South Carolina.

I look forward to hearing that this version has been approved by your company. Thank you for your courtesy and cooperation.

Yours truly,

AMSELCO EXPLORATION INC.

H. M. Lane
Assistant General Counsel

cc: ✓ D. J. Duskin - no enclosures
W. L. Gunter - no enclosures
P. W. Prescott - w/enclosures
J. Simpson - w/enclosures
L. Brown - w/enclosures

HML:ks

AMSELCO MINERALS INC.

FACS -- RENO

TO: H.M. Lane
FROM: D. Duskin
DATE: March 8, 1985

DR: 1241p
PGS: 2

Catawba Timber Lease

On Wednesday Catawba had their Minerals Committee meeting. Gunter spoke with Mr. Joe Simpson on Thursday. Simpson said they were all set to approve the lease, but ran into a last minute snag: they discovered that they only own half the mineral rights on two parcels in Kershaw County. These two parcels are essentially "dummies" in which we no longer have any real interest, but which we allowed to remain in the package to help keep the focus away from the Kiff parcel involved.

Apparently the mineral reservation applying to the two parcels was in our files but went unnoticed. It was made by the Grantor who sold the land to Catawba in 1964. It does not give the Grantor the right to explore for and develop minerals, but merely the right to receive half of any income derived from the production of minerals from the property. Presumably this means that the Grantor gets half of any lease rental payments, but we await your opinion on this. Buzz Prescott has sent you a copy of the reservation, and I understand that Harvey Templeton will be contacting you about it.

I asked Gunter to contact Simpson on Friday to tell him that Amselco was still willing to take the package as is, and that the lesser interest provisions of the lease should be adequate to handle the situation from Amselco's point of view. It soon became apparent to Gunter in this second conversation that Catawba's real concern was that if they had to split the royalty with someone else, the actual return to them might not warrant taking the land out of wood production. If this is truly the case, and Catawba wants to make a new issue of it, it would be best to simply drop the two parcels from the package. This will not diminish the rental payment Catawba is expecting to receive from us because it is a lump sum \$20,000/year regardless of acreage, and probably not the eventual advance royalty payment, which is a \$50,000/year minimum.

Facs: H.M. Lane
March 8, 1985

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If you don't mind the extra work, I would like to see the issue resolved by you talking to Templeton. We could provide backup by Gunter reinforcing your line in follow-up conversation with Simpson.

Thanks,
W. Gunter

cc: A.P. Taylor
D.S. Johnson
P.H. Evans (hand delivery)
R.D. McDaniel (hand delivery)
W.L. Gunter (hand delivery)
P.W. Prescott (hand delivery)